

10 Magical Money Hacks

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Chapter 1: Keep Your Car

Keep Your Car

64% of people have owned their car for five years or less (The Zebra, 2024). But people, on average, keep their cars for about eight years, which is pretty damn good. However, we know most people want a new car versus an old one, and 85% of people actively manage a car note.

The longer you keep your car, the less money you'll spend over your lifetime on metal. Though the luxury and new cars are nice, they're unnecessary and should never be prioritized in your budget.

Keep your car as long as possible. I've owned my car for over a decade, and it's still kicking and treating me well. Yes, I could get a new car, but for what? My car is successfully getting the job done, and I'm satisfied with the job it's doing.

Journal Entry

How do you feel about your current car, and how much are you investing in monthly transportation (e.g., insurance, gas, repairs, taxes, etc.)?

Chapter 2: Don't Buy A House

Don't Buy A House

I get it. The American Dream includes buying and owning a home, but you won't own your home until 30 years later when you make the final mortgage payment unless you pay off your mortgage early, which most people don't do.

Delaying the home purchase does a few things for you:

1. Keeps your housing costs lower
2. Keeps maintenance, tax, and repair fees off your plate
3. Increases your mobility (e.g., if you want to get up and move, you can without having to sell your home)

The new home likely won't decrease your housing expenses unless you get a steal of an interest rate, a low mortgage, and a home that won't require a lot of repairs.

If you don't need a home, consider buying one at a future date when there is more flexibility in your budget and when you've amassed more wealth.

Journal Entry

If you don't own a home: Do I need a home now?

What are the opportunity costs if I delay the purchase? What are the opportunity costs if I don't delay the purchase?

If you do own a home: Do I need this home? Would it make more sense to sell? How much would I be saving if I didn't own a home? Does it make more sense to keep my home for now?

Chapter 3: Invest 50% of Your Income

Invest 50% of Your Income

This is an aggressive number to invest, but it's also a number that will accelerate your wealth-building. Though 50% is half your income, the opportunity to build wealth faster and exponentially will make it worth it.

Not only will you build significant wealth, but you will also learn to be creative and live on less. As your income increases, you will stick to living off the 50% budget; if you do this long enough, you will be significantly rewarded.

Be sure if you do this, you find a way to enjoy life, travel, and explore the world; there is a way, and it might require increasing your income.

Journal Entry

How can I rearrange my budget to accommodate a 50% investment ratio?

Chapter 4: Multiple Income Sources

Multiple Income Sources

Always maintain more than one income source.

Always.

Managing multiple income sources does a few things for you:

1. Keeps your income elevated
2. Grants you more financial flexibility
3. Prevents dependence on one income
4. Makes you financially recession-proof
5. Helps you save and invest more, faster

Journal Entry

How many income sources do I have now? Is this enough income? How many income sources would be ideal? What is my ideal income?

Chapter 5: Delay Children

Delay Children

If you want children, great, but how are your finances looking? If you're struggling financially, off track with retirement, and living paycheck to paycheck, a kid will not improve these circumstances. If anything, a kid will only exasperate your current financial standing.

Kids are pricey, and they require resources.

If you don't have to have kids now, consider delaying bringing them into the world so that you can get your financial sh*t together *first*.

You want to ensure you're set up for financial success and your future children and one way to do this is through patience.

Journal Entry

At what age would I like to have children?

Chapter 6: Get Schooling Paid For

Get Schooling Paid For

Whatever you do, aim to avoid student loans at all costs. Instead of relying on student loans, opt for grants, scholarships, employee funding, programs (e.g., military or government), or work your way through school.

Student loans can cause a significant burden on your finances and can become increasingly overwhelming.

There are endless opportunities to get your schooling paid for without needing student loans. Do your research and take advantage of all the opportunities. And also, be sure you're going to school for the right reasons. Education is not needed to succeed financially in today's climate.

Journal Entry

Do I need to obtain an education? If so, why? How can I get my school paid for; what avenues have I not considered?

Chapter 7: Pay For Everything With Plastic

Pay For Everything With Plastic

Not only do credit cards provide an additional layer of security since your purchases are not coming directly out of your bank account, but you also have the ability to gain massive rewards (cash back, travel credits, and relevant points).

I enjoy cash back because it's cash directly in my pockets. I get paid for whatever expenses I pay, and I frickin love it.

The only con about using plastic is that you may spend more than you need if you lack discipline. Avoid using credit cards if you lack discipline, or you could set yourself up with a debt problem.

Journal Entry

How do I make the majority of my purchases today?

Am I a responsible credit card user? Do I routinely pay my credit card balance in full each month?

Chapter 8: Build Your 1-Year Emergency Fund

Build Your 1-Year Emergency Fund

A lot of advice pushes to establish a three-month emergency fund; I encourage folks to opt for a one-year or larger emergency fund.

The one-year emergency fund is more bulletproof, and here's why:

1. It grants you more time in case of a job loss
2. It is recession-proof since it will give you coverage for at least one year
3. It won't run out right away as long as you use it prudently
4. It can create wealth for you if you invest it

Most people don't have an emergency fund; if they do, it's their credit cards or personal loans.

The one-year emergency fund might seem like a stretch, but it's a stretch that's worth it.

How to build a one-year emergency fund:

1. Get creative
2. Work extra hours
3. Take on another job
4. Start a business
5. Invest more income
6. Aggressively decrease your expenses
7. Bring in a roommate to live with you
8. Downsize your living situation

Journal Entry

How much are my monthly expenses? When would I like to have my one-year emergency fund in place? How much must I save each month to build a one-year emergency fund?

Chapter 9: Start Young

Start Young

Not everyone starts investing at 11 like Warren Buffet. Not everyone starts investing in their 30s. Most people start investing later in life when things start hitting them.

It's never too late to start investing, and it's better to start now than later, but if you can, start sooner than later.

For example, if you're not aggressively investing now, start today, right now. Don't wait any longer. The longer you delay investing, the more future money you're throwing away.

Compound interest is best friends with the young but friends with everyone. Let compound interest work for you by investing consistently and aggressively starting today.

If you don't know how and where to invest, there are several reputable books out there, or you can start with a reputable firm that does automated

investing for you. Just be sure their management fees are low.

Journal Entry

How much am I investing today? If I'm not investing, why is that, and what am I waiting for? How much can I afford to invest based on my monthly budget? How much do I need to invest to reach my retirement goals?

Chapter 10: Avoid The Big Five

Avoid The Big Five

The big five include:

1. Alcohol
2. Eating out
3. Smoking
4. Shopping
5. Subscriptions

These vice-like expenses will destroy your income and financial agility. The worst thing about these is they have an insidious way of eating at your budget without you even realizing it.

If you're going to drink, eat out, smoke, shop, or sign up for subscriptions, track everything.

Do these expenses fit into your budget? Always consider whether these expenses are worth it.

For example, is smoking cigarettes worth it? The answer is no.

Is shopping for endless amounts of clothes and shoes worth it? The answer is no.

Is having five gym memberships necessary? The answer is no.

Is drinking alcohol every day necessary? The answer is no.

Is eating fast food every day good for your heart? The answer is no.

Is smoking marijuana every day necessary? The answer is no.

All vices and unnecessary expenses are always optional and should be scrutinized before you allow them to infiltrate your budget.

Prioritize investing over investing in vices and unnecessary expenses such as the big five.

Journal Entry

Are any of these vices eating away at my disposable cash flow? Am I on track with my investing and savings goals? Do I have a one-year emergency fund in place? What vices should I cut from my budget and habits? What are the benefits to my physical, mental, and financial health if I cut these vices from my budget?

Exercise 1: Cutting

Cutting Exercise

Write out every expense and rate the importance of each expense.

Then, force yourself to cut out at least five expenses from your budget, no matter how painful or inconvenient.

Exercise 2: Debt

Debt Exercise

Write out all your debts and minimum payments.

Organize your debts in your preferred payoff timeline.

Decide how much extra you can allocate to the first debt you want to payoff, along with a timeline.

Set a payoff timeline for each debt.

Exercise 3: Income

Income Exercise

Write down your current income.

Then, write your ideal income for the next 1, 2, 3, 5, 10, and 20-year time frames.

Exercise 4: Budget

Budget Exercise

Complete your budget.

Write out all of your income.

Write out all of your expenses.

Exercise 5: Vices

Vice Exercise

Go through the past thirty days and track how much money you've spent on alcohol, smoking, eating out, shopping, and subscriptions.

Thank You

Thank you for reading.

Thank you for bettering yourself.